APPENDIX

STATE OF NEW MEXICO
TAXATION AND REVENUE DEPARTMENT

AUDIT & COMPLIANCE DIVISION–TAX COMPLIANCE BUREAU
5301 Central Ave., NW P.O. Box 8485
Albuquerque, New Mexico 87198

May 11, 2000

Albuquerque Production Credit Association
PO Box 3694
Albuquerque, NM 87190

RE: New Mexico ID Number 01-504162-000

Dear Taxpayer:

An examination of your Corporate Income and Franchise Taxes for tax years 1994, 1995, 1996, 1997 and 1998 indicates you may have underreported taxable income for these periods. Therefore, your company has been selected for a desk audit. Please provide the following information:

- Copies of Federal form 1120, pages 1 though 4, for tax year 1998.
- A copy of the Income and Expense Summary worksheet for tax year 1998.
- A brief description of the nature of your business.

Also, the 1991 and 1992 NM CIT returns indicate deductions of $96,406 and $49,369 for interest from obligations of the U.S. Government. Please provide brokerage statements or bank statements, or other documentation showing this interest to be from obligations of the United States.

It is important that you respond to the below requests within 30 days. Failure to do so will result in assessment of tax

penalty, and interest based on available information for tax years 1994, 1995, 1997 and 1998.

Thank you for your assistance in this matter. If you have any questions, please contact me at (505) 841-6323.

Sincerely,

/s/ Dan Armer
DAN ARMER

Corporate Income Tax Auditor